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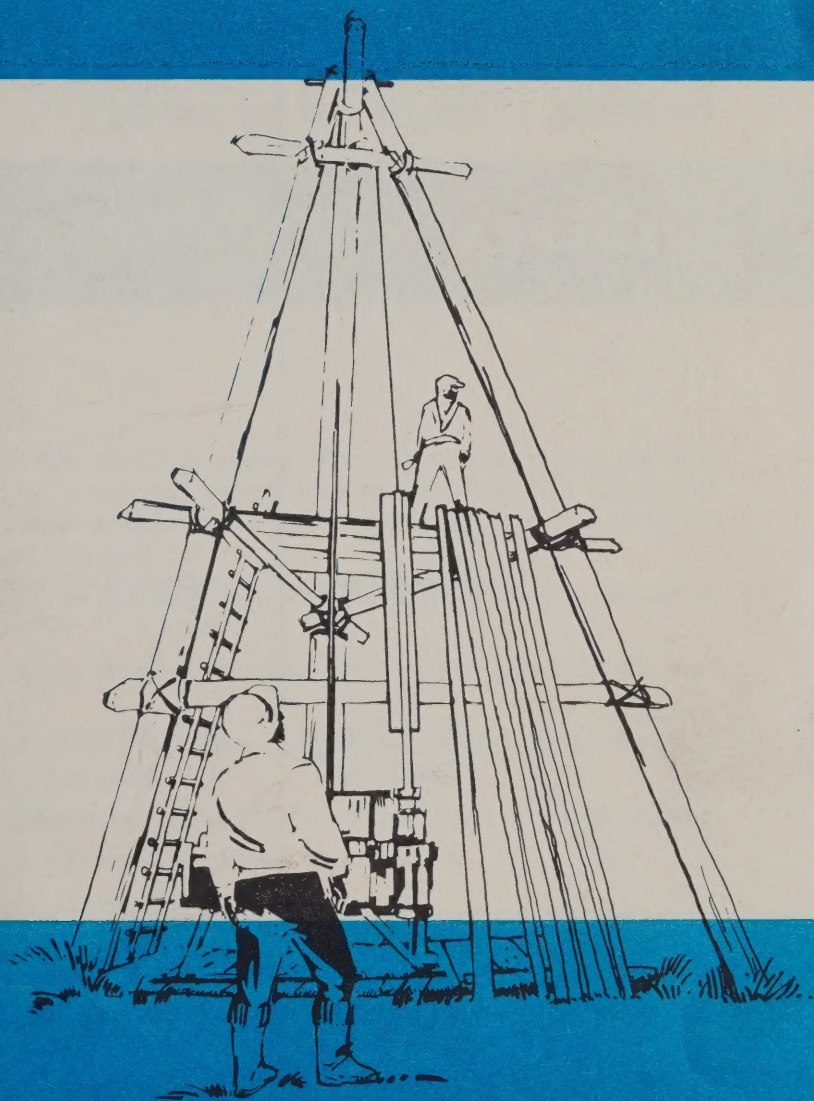
EXPLORING AND DEVELOPING CANADA'S MINERAL RESOURCES

File

ANNUAL REPORT

for year ending June 30

1966



ZULAPA

MINING CORPORATION LIMITED

LISTED ON
THE TORONTO STOCK EXCHANGE
THE CANADIAN STOCK EXCHANGE

ZULAPA MINING CORPORATION LIMITED

CAPITALIZATION

Authorized—5,000,000 shares \$1 par value
Issued —3,941,865 (of which 186,250 in escrow)

OFFICERS AND DIRECTORS

G. A. CLARKE - *President and Managing Director*
G. T. GAYFORD - - - - - *Vice-President*
S. TAYLOR, F.C.I.S. - - - *Secretary-Treasurer*
L. ALLEN - - - - - *Director*
D. F. BURT, Q.C. - - - - - *Director*

TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA
88 University Ave., Toronto 1, Ontario.

CONSULTING GEOLOGISTS

R. V. OJA, Ph.D., P.Eng.,
JOHN A. HONSBERGER, P.Eng.
BARRINGER RESEARCH LIMITED

HEAD OFFICE

85 RICHMOND STREET WEST, Toronto 1.

LISTED

THE TORONTO STOCK EXCHANGE.
THE CANADIAN STOCK EXCHANGE, Montreal.

DEC - 1 1967

REPORT OF THE BOARD OF DIRECTORS

To the Shareholders

This is the time of the year when we "take stock" of your Company's position, review the work carried out in the past year, and consider what the future may hold. Taking an overall view, it can be said that as a result of the acquisitions and field exploration programs of the past few years, your Company has built up a valuable "inventory" of properties which includes:

- * a 33 claim property at Reserve Lake in the Fort Hope area of northwest Ontario on which deposits of gold have been outlined;
- * 22 claims in the Tiblemont area of Quebec on which marginal grade copper-nickel ore has been indicated by drilling;
- * 12 claims held under lease in the heart of the Blind River-Elliot Lake uranium mining district of Ontario;
- * a group of 90 claims in the Sakami Lake district of New Quebec, 30 of which we intend to retain;
- * 230 acres in Cadillac Twp., Quebec, a former gold producing property.

Field work in the past year was concentrated on the Sakami Lake property where a geophysical survey carried out last winter disclosed several strong conductor zones in a belt of sheared volcanic and sedimentary rocks. Based on this result, a program of diamond drilling was recommended by our consultants, Barringer Research Limited, although it was pointed out that this could at best provide only a very coarse sampling due to the comparatively long length apparent to the belt and to many of the conducting horizons within it.

A series of five holes was drilled for a total of 2,184 feet. Barringer Research Limited reports that the first four holes intersected pyrrhotite and magnetite, but assays of these mineralized sections proved disappointing. The fifth hole drilled on an outside conductor was also unsuccessful. Barringer concluded that the drilling has defined a series of pyrrhotite bands in a metamorphosed sedimentary belt. Disseminated in the main and massive only in stringers, the pyrrhotite was found generally barren of ancillary sulphides including pyrite. Assays for precious metals were also negative.

While our consultants consider that under the circumstances, and particularly in view of distance and high costs, further exploration at this time is not warranted, they add the comment "that in so large a mineralized belt there is considerable room for renewed interest should there be future developments in the region".

Thirty selected claims will be held at least for the duration of assessment work credits which will protect them for the next year. Since the drilling gave only a coarse sampling, it is hoped that there will be reason to resume work before expiry of the protection period. Other activity in the area will be watched with interest in this regard.

OTHER PROPERTIES HELD

Of the other properties held by your Company, we regard the Tiblemont, Quebec, claims and the group held in Township 149 in the Blind River camp as of particular interest at this time. At Tiblemont, extensive diamond drilling indicated the presence of an estimated 1,687,000 tons of ore to 1,000 feet over an average width of 38.1 feet grading 0.48% copper and 0.55% nickel. At current prices such a tonnage cannot yet be considered economic. But if the price of copper holds at its new levels in Canada, and should the price of nickel advance, as has been indicated by an officer of International Nickel, it may be that a further assessment of this property by deep drilling and possibly shaft sinking, would be warranted. Nothing of this nature, however, is presently contemplated.

The emergence of a strong demand for uranium to meet the accelerated requirements of nuclear power developments, has once again focussed considerable attention on the Blind River - Elliot Lake uranium camp. Recent reports in the mining press indicate that exploration activity is being stepped up here, and there seems every reason to expect that such activity will increase from now until 1970. Your Company's 12 claim property is located about 3 miles from the Nordic mine of Rio Algom and about one and a half miles north-west of Silvermaque Mines which, according to a report in The Northern Miner (Aug. 25) has intersected uranium ore at a depth of about 3,000 ft. We are watching this and other developments in the area closely with a view to determining the best policy to pursue.

Recent developments in the world gold situation have given cause for renewed speculation about an increase in price from the present \$35.00 which was fixed by the United States more than 30 years ago. A recent report from the International Monetary Fund notes that practically all of the new gold being mined in the world today finds its way into private hands for hoarding. Meanwhile France is continuing to convert its U.S. dollars into gold, thus further diminishing the U.S. reserve.

If the price of gold should be increased, or should there be an increase in the federal government subsidy to gold mines, your Company's Reserve Lake gold property would be greatly enhanced. As it is the 170,000 tons to a depth of 300 ft. indicated by previous drilling, has an average per ton value, by rough estimate, of around \$10.36 per ton. Additional tonnages have been indicated to a depth of 700 ft. We are advised that the only adequate way to further explore this property is from underground, and the sinking of a shaft would cost in excess of \$300,000. Under present circumstances we do not consider that such an expenditure is warranted.

We are, however, taking steps to bring this property to lease and application is now being filed with the proper authorities following a land survey carried out during the past summer.

FINANCIAL STATEMENT — ANNUAL MEETING

Financial Statement showing your Company's position as of the end of the fiscal year at June 30, is submitted in the following pages. It will be noted that net current assets stand at approximately \$88,000. We consider this adequate at this time to allow for the acquisition of other properties or interests should favorable opportunities arise in the coming year — or for a resumption of exploratory work on any of the properties now held in the event changed circumstances should warrant it.

The Annual meeting of shareholders will be held in Toronto on Thursday, December 8, 1966 at the time and place noted on the accompanying Notice of Meeting. Your Board would be pleased to see a good turnout for this meeting. In the event, however, that you are unable to attend, we would ask that you exercise your voting privilege via the enclosed proxy form and return in the addressed envelope provided.

It is our hope that your Company will renew exploration activity in the coming year and you may rest assured that any move in this direction will be immediately communicated to you.

On behalf of the Board of Directors,

G. A. CLARKE,

President.

October 31st, 1966.

ZULAPA MINING CORPORATION LIMITED

BALANCE SHEET AS AT JUNE 30, 1966

ASSETS

CURRENT:		
Cash.....		\$ 92,944.11
Investments.....		4,062.25
FIXED:		
Mining properties:		
At nominal value.....	\$ 1.00	
For cash	37,258.33	
For shares	48,500.00	
		\$ 85,759.33
Field equipment.....		1,455.81
		87,215.14
Deferred development and other expenditures.....		301,622.11
		<u>\$485,843.61</u>

LIABILITIES

CURRENT:		
Accounts payable.....		\$ 4,102.00

SHAREHOLDERS' EQUITY

CAPITAL STOCK:			
Authorized:			
5,000,000 shares with a par value of \$1.00 each			
Issued:			
	Par value	Discount	Net
For cash	\$ 3,229,365.00	\$ 2,395,576.40	\$ 833,788.60
For properties	712,500.00	304,000.00	408,500.00
	<u>\$ 3,941,865.00</u>	<u>\$ 2,699,576.40</u>	<u>1,242,288.60</u>
Surplus arising from reorganization.....			744,985.29
Donated surplus.....			2,227.13
			1,989,501.02
Less: Deficit.....			<u>1,507,759.41</u>
			481,741.61
			<u>\$485,843.61</u>

Approved on behalf of the Board: "G. A. CLARKE", Director.
"S. TAYLOR" Director.

AUDITORS' REPORT

To the Shareholders of
Zulapa Mining Corporation Limited.

We have examined the balance sheet of Zulapa Mining Corporation Limited as at June 30, 1966 and the statement of deferred development and other expenditures for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We have not verified title to the company's mining properties.

Subject to the foregoing, in our opinion, the accompanying balance sheet and statement of deferred development and other expenditures present fairly the financial position of the company as at June 30, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Our examination also included the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned financial statements, presents fairly the sources and applications of funds of the company for the year ended June 30, 1966.

Toronto, Ontario, August 24, 1966.

HARBINSON, GLOVER & CO., Chartered Accountants.

